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Cornish Accounting Solutions

Marketing Skills You Wont Want To Be Without!

Marketing is the ultimate in science experiments. You will try many things and wonder if anything you create is ever going to work, and then wham, the new initiative brings home the money and suddenly all your hard work is worthwhile. So how do you increase your odds of success and find those Eureka moments that we are all searching for? *The following tips will start you off on the right foot:*

- 1. Never turn down a potential client:** Instead, learn about their needs and wants and see what you can do to provide them with what they want. If you don't have what they want, start to look into and offer them exceptional complimentary services.
- 2. Invest in your marketing:** Begin with small experiments but do move forward. If you stop your action, the process flow will stop. In the long term, see what is an attractive investment? Find out how much money, time and energy is required.
- 3. Keep a record of your marketing actions, with some very simple stats:** How many responses? How many in a day? What is your target? Where can you expand? etc. Take a look at the overall results. Sometimes the aim of an isolated action is just to get your company's name or brand out there, or shift the public opinion in your favour. You may not generate clients on that action but simply shift an overall market sector feeling about your service or your company. Always know what the true goal of your marketing action is.
- 4. Experiment and shift strategies:** Improve your strategies according to the prospect's response. Use your intuition and try things! If something isn't working, shift! Every time you try, you succeed in learning something new.
- 5. Use sources of inspiration and knowledge:** Subscribe to newsletters, get advice from the experts, stay informed and follow trends. Stay aware of what is going on in your field and learn from the masters.
- 6. Develop new tools:** Have a website, newsletter, fliers, business cards, brochures etc. If you already have all these tools and they are not yet effective and efficient, perfect them, make them better.
- 7. Enjoy it!:** Marketing is about flow and action. You won't sustain it in the long term if you are not having fun with it. Marketing is an integral part of your business success. Find out fast what works for your sector and apply it!
- 8. Accept the marketing laws:** It is often about competition and learning to compete. Some things cannot be shifted in the business world. Be different and set yourself apart from the competition. Is your industry changing and evolving? If it is, get familiar with it!



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Quote of the Month

"You cannot teach a man anything. You can only help him discover it within himself."

Gallileo

Do You Trade In Property?

Low property prices are tempting some people to acquire residential properties to develop and sell when the market improves. If you intend to do this, the Tax Inspector may argue that you are actively trading in properties, rather than just investing and letting. If you are considered to be trading in properties it will have the following tax consequences:

- All the gains you make on selling the properties will be subject to income tax at 20%, 40% or 50% rather than capital gains tax at 18%.
- NI will also be due on top of these income tax rates.
- You will not be able to set your annual capital gains exemption (£10,100 for 2009/10) against the gains made from selling properties.
- If you run the property business through a limited company the difference in tax rates will be far less.
- You may need to register for VAT.
- Any rents received may be taxed as incidental trading income.
- The value of your business should attract a 100% exemption from inheritance tax as business property.
- You can get tax relief for indirect or abortive expenses connected with buying and selling properties.
- Any losses you make by trading in your own name can be set against your other income.
- You may qualify for entrepreneurs' relief if you sell your whole property business.



Please call us to talk about your plans so we can advise you on the tax strategies which will fit your business.

Careful Financial Planning *has never been more important!*

Falling interest rates may be good news for some homeowners, but for retired people Britain's recently announced lowest-ever interest rate can cause serious financial difficulties.

Many retired people rely on their savings which have taken a lifetime to accumulate and are understandably greatly concerned by the sharp drop in their income following the steady and ongoing fall in interest rates. Capital can reduce significantly or disappear and investors have to drastically adjust their lifestyle to manage on lower income.

Against this increasingly worrying background, it is vital that people are affected by falling interest rates, redundancy or the credit crunch, review their situation, place increased emphasis on financial planning and if necessary take independent financial advice.

When The Unexpected Happens...

It has never been a better time to look closely at your finances. There are many aspects to look at including:

- **Life Insurance**
- **Critical Illness Cover**
- **Wills**
- **Pension**
- **Inheritance Tax**
- **Investments**
- **Mortgages**

On the next page is our '5 Minute Financial Health Check'. Please take 5 minutes to complete and if there are any things that you would like us to look at together please contact Debbie on 01208 74615 or email her at debbie@cas-sw.co.uk



"It has never been a better time to look closely at your finances!"

Want to know more?
Contact Debbie on:
01208 74615
or
debbie@cas-sw.co.uk

The 5 Minute Financial Health Check!

	All OK		Needs attention		Urgent!	
What state is your Will in?	Up to date	Not applicable	Drafted, not signed	Needs minor change	No Will	Needs revision
A recent projection of pension benefits?	Yes	Not applicable	Don't know		No	
Pensions on-target to retire when you want?	Yes	Not applicable	Don't know		No	
Sure you've got the best mortgage?	Yes	Don't have one	Don't know	Locked in	No	
Sufficient mortgage cover (death & critical illness)?	Yes to both	No applicable	Death yes, CI no	CI yes, death no	Don't know	No to both
Are all loans covered in event of death?	Business & personal yes	Not applicable	Business only	Personal only	Don't know	No to both
Did you purchase Insurance from your finance/loan provider?	No	Not applicable	Don't know		Yes	
Sufficient available cash to see you through illness?	Yes		Don't know		No	
Is your income protected in event of long-term disability?	Yes	Not applicable	Don't know		No	
Have you protected your family's income in event of your own death?	Yes	Not applicable	Don't know		No	
Financial provision for child-care in event of death or serious illness of non-earning spouse/partner?	Yes	No applicable	Don't know		No	
Is there adequate private healthcare?	Yes	Happy with NHS	Don't know	Needs checking	No	
Have you recently reviewed your life cover needs?	Yes	Not applicable	Don't know	Not recently	Not at all	
Are there sufficient funds in place to purchase business of deceased or critically ill partners?	Yes	Not applicable	Don't know	Some, but insufficient	None	
To what extent is your estate liable to Inheritance Tax?	Protection in place	Below the limit	Don't know	Some liability	Liable and no provision	
Expecting to receive an inheritance?	No	Not applicable	Yes – a little	Don't know	Unknown amount	Yes – a lot
Are you the beneficiary of a Trust?	No		Don't know		Yes	
Have you used your full ISA allowance this year?	Yes		Don't know		No	
Used your maximum pension contribution allowance?	Yes	Not applicable	Don't know		No	
More in bank/building society than for short-term needs?	No	Not applicable	Don't know		Yes	
Are you getting the best returns on your savings?	Yes		Don't know		No	
Will you be able to afford school/college fees?	Provision in place	Not applicable	Don't know	From income	No	Need to review
Funding in place to cover Long Term Care?	Sufficient insurance	Funding from wealth	Don't know	Partial funding	No funding in place	
Are pension/investment risk levels appropriate?	Yes		Don't know	Time to review	Definitely not	Concerned about risk
Satisfied with performance of pensions/investments?	Entirely		Would like to review		Definitely not	
Are you happy with your household Insurance? Would you like a free review?	Yes		Would like to review		No	
Are you happy with your energy provider? Would you like a free review?	Yes		Would like to review		No	

Business Journeys In Company Cars

Where an employer provides a company car, but the employee pays for the fuel, the employer may pay a mileage allowance for business journeys. HMRC accepts that payments not exceeding the 'advisory fuel rates' are reimbursements of expenses, not subject to income tax or Class 1 National Insurance contributions. The 'advisory fuel rates' (AFR's) are now reviewed every six months and on 1 June 2009 HMRC announced that the following rates would apply for journeys taking place after *Wednesday 1 July 2009*. The new rates are (old rates in *italics*) :

Engine Size	Rate per mile		
	Petrol *	Diesel	LPG
Up to 1400cc	10p <i>10p</i>	10p <i>11p</i>	7p <i>7p</i>
1401 to 2000cc	12p <i>12p</i>	10p <i>11p</i>	8p <i>9p</i>
Over 2000cc	18p <i>17p</i>	13p <i>14p</i>	12p <i>12p</i>

* including petrol hybrid cars



These rates may also be used to reclaim VAT in respect of fuel used for business journeys (remembering that receipts to cover the amount reclaimed are now required).

However, the 'advisory rates' may **not** be used where the employer does not reimburse the cost of fuel used for business journeys and the employee wishes to claim the cost as a deduction from his taxable employment income. Where the employer pays for all the fuel used for both business and private travel, the usual scale charge can be avoided if the employee is required to reimburse the cost of the fuel used for private journeys at the 'advisory rates' (unless, exceptionally, the car uses has an engine exceeding 3000cc). The 'advisory fuel rates' scheme does not apply, in any circumstances, to business or private travel in a company owned van. For the detailed rules of the advisory fuel rates scheme, see www.hmrc.gov.uk

Making The Right Move To Save Tax!

In less than a year the headline tax rate will jump to 50%. One way of reducing the effect is to shift some of your income to your spouse or partner. But at what point is it worth doing and which assets produce the greatest tax saving?

The obvious choice is to make a gift of income producing assets to your spouse, civil partner or unmarried partner. That way you ought to still benefit indirectly from the income produced.

Trap 1: There's no point jumping out of the frying pan and into the fire. So if your spouse etc also has income of £100,000 or more, shifting some of yours to them isn't going to help!

Trap 2: Don't shift assets to your offspring to save income tax. If they're under 18, unless they're married, special anti-avoidance rules mean that any income the assets produce will still be treated as yours for tax purposes.

Which Assets? Although you can save higher rate tax charges whatever income you shift, the decision on precisely which assets to transfer depends on your partner's level of income. If it's less than their personal tax-free allowance, expected to be around £6,500 for 2010/11, then certain types of income produce greater tax savings than others.

Trap: If your partner's income is £6,500 or less, don't transfer shares as the tax treated as paid on dividends is not refundable. This principle also applies to unit and investment trust distributions and dividends from foreign countries.

Tip: Aim to give other types of investment that either have no tax or basic rate tax deducted from the income they generate. Typically, this will be bank accounts and government, and other company, stocks and bonds. Your partner can claim a refund of the tax paid at source.

Don't wait until the end of the year! Start shifting investments now! There are savings to be made even at the current 40% tax rate!



"Don't jump out of the frying pan and into the fire!"

Sole Trader V Limited Company

You can still save tax by operating your business through a company rather than as a sole trader or partnership, but the level of tax savings will depend on the range of salary, dividends and benefits that you want to take out of the company. If you take a salary equal to the personal allowance of £6,475, and extract the rest of the profits as dividends, you could make the following tax savings in the current tax year. This salary level involves paying some NICs as the NIC threshold is £5,715, but a lower salary would waste part of the dividend tax credit. Salary is also tax allowable for the company whereas dividends are not.

£
£
£

For 2009/10 the following shows for different profit levels the tax payable as a sole trader, by incorporating as a company and the total saving...

Profits £15,000: Sole trader: £2,573 - Company £1,951 - Total saving: £622
Profits £30,000: Sole trader: £6,773 - Company £5,101 - Total saving: £1,672
Profits £50,000: Sole trader: £13,169 - Company £9,463 - Total saving: £3,706
Profits £100,000: Sole trader: £33,669 - Company £29,838 - Total saving: £3,831
Profits £150,000: Sole trader: £54,169 - Company £50,213 - Total saving: £3,956

There are other tax factors to consider. For example...

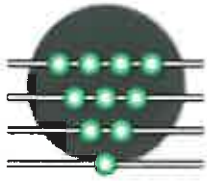
- If the company owns a car that is used privately by the business owner, this can seriously reduce the tax savings. However, the answer is not straight forward as it depends on the cost, age, and CO2 emissions of the car (see below).
- The amount of profits left within the company for future use. If dividends are only taken to take your income up to the level of basic rate tax, substantial further **savings of many thousands are possible!**
- The availability of tax-free benefits such as childcare vouchers.

Tax rates are due to increase from 2010/11. Individuals will pay a top rate of 50% on income over £150,000 and the personal allowance will be withdrawn for those with income over £100,000. The tax rate paid by a small company will also rise to 22%. These changes will reduce the tax savings to be made by operating through a company. The calculations summarised as follows for 2010/11 assume a salary equal to a personal allowance of £6,635, which is reduced to nil when profits exceed £113,000.

Profits £15,000: Sole trader: £2,530 - Company £2,004 - Total saving: £526
Profits £30,000: Sole trader: £6,730 - Company £5,304 - Total saving: £1,426
Profits £50,000: Sole trader: £12,998 - Company £9,704 - Total saving: £3,284
Profits £100,000: Sole trader: £33,448 - Company £30,273 - Total saving: £3,215
Profits £150,000: Sole trader: £56,642 - Company £53,633 - Total saving: £3,009

Please call us to talk about the savings possible for you - 01208 74615.





Bulletins...

We would like to take this opportunity to welcome a new staff member to the team.
Joe Tamblyn joins us as client manager.



If you would like us to include your services or products in our future newsletters then please email Debbie at **debbie.@cas-sw.co.uk**

Dates For Your Diary

1st August
Corporation tax due for year ends 30 October 2008.

19th August
PAYE & CIS tax due

CORNISH ACCOUNTING SOLUTIONS Helping You Succeed



Seminars

Following on from the success of our seminars in 2008 we are continuing to run our seminars in 2009.

There are no seminars being held at this time due to our summer recess.

However, if you would like further information please contact Debbie on 01208 74615 or email her at **debbie@cas-sw.co.uk**

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